

## Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 AGR-05 CIAE-00 COME-00 EB-07 INR-07

LAB-04 NSAE-00 RSC-01 SP-02 STR-01 TRSE-00 CIEP-01

FRB-03 OMB-01 L-02 /045 W

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P R 250357Z JAN 75

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC PRIORITY 4055

INFO AMEMBASSY TOKYO

AMEMBASSY BANGLI

AMEMBASSY SEOUL

AMEMBASSY MANILA

C O N F I D E N T I A L TAIPEI 0434

E.O. 11652: GDS

TAGS: ETRD, TW

SUBJEC5: COTTON CONTRACT PROBLEM

REF: A) TAIPEI 0327, B) STATE 16964

1. Y.T. WANG, (WANG I-TING) DIRECTOR OF BOARD OF FOREIGN TRADE, INFORMED ECON COUNS JAN. 25 THAT MINISTRY OF ECONOMIC AFFAIRS (MOEA) WITH CONCURRENCE OF MINISTRY OF FINANCE (MOF) AND CENTRAL BANK OF CHINA, HAS PRESENTED PROPOSAL SIMILAR TO THAT REFERRED TO IN PARA. 2 OF REFTTEL (B) TO PREMIER FOR APPROVAL. HE PROMISED TO PROVIDE EMBASSY FULL DETAILS WHEN APPROVAL IS OBTAINED, WHICH HE ANTICIPATES WILL BE RECEIVED ON OR ABOUT JAN. 31. PREMIER IS FULLY AWARE OF MOEA PROPOSAL BUT WANG CAUTIONED THAT PREMIER MAY MODIFY SLIGHTLY SOME OF THE DETAILS BEFORE HE GIVES FINAL APPROVAL.

2. WANG EMPHASIZED THAT PROPOSAL IS CONTINGENT UPON RECEIVING CCC CREDIT TO FINANCE COTTON PURCHASES ABOVE U.S. 40 CENTS A POUND. MILLS HAVE AGREED TO HONOR CONTRACTS AT PRICES AT OR BELOW THAT FIGURE BUT LACK  
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RESOURCES TO PURCHASE COTTON AT PRICE ABOVE US 40

CENTS. IF CCC CREDIT IS OBTAINED, BANK OF TAIWAN WILL OPEN L/C'S ON ALL OUTSTANDING COTTON CONTRACTS AND WILL RETAIN POSSESSION OF MILLS. COTTON WILL BE RELEASED TO MILL WHEN IT PAYS 40 CENTS, USING NORMAL CREDIT FACILITIES AVAILABLE THROUGH BANK. CCC CREDIT WILL BE USED ONLY TO FINANCE COTTON CONTRACTED FOR AT PRICE ABOVE 40 CENTS. THAT COTTON WILL BE CARRIED IN A SEPARATE LOAN ACCOUNT, WITH THE MILL HAVING THREE YEARS TO REPAY.

3. ACCORDING TO WANG, ONCE PREMIER'S APPROVAL OF PROPOSAL IS OBTAINED, MINISTRY OF FINANCE WILL APPLY FORMALLY FOR CCC CREDIT. EXACT AMOUNT TO BE REQUESTED HAS NOT YET BEEN DETERMINED BUT IT WOULD APPEAR US\$50-60 MILLION MENTIONED IN PARA. 2 OF REFTEL (B) WOULD SUFFICE.

4. WANG CONFIRMED THAT GROC HAS NEGOTIATED TO PURCHASE 16,000 BALES OF COTTON FROM COLOMBIA FOR DELIVERY IN CY-1975. THIS IS A "POLITICAL" PURCHASE AND WANG STATED THAT HE HOPES USG WILL UNDERSTAND WHY GROC CONSIDERS IT NECESSARY. HE EMPHASIZED STRONGLY THAT COLOMBIA PURCHASE HAS NO CONNECTION WITH COTTON CONTRACT PROBLEM WITH US. GROC WILL PURCHASE AND RETAIN POSSESSION OF COLOMBIA COTTON AND MILLS WILL NOT BE PERMITTED TO PURCHASE IT UNTIL THEY HAVE FULLY HONORED THEIR OUTSTANDING CONTRACTS WITH US SHIPPERS.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COTTON, CONTRACTS, PROPOSALS (BID), NEGOTIATIONS  
**Control Number:** n/a  
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**Draft Date:** 25 JAN 1975  
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**Disposition Approved on Date:**  
**Disposition Authority:** WorrelSW  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Disposition History:** n/a  
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**TAGS:** ETRD, TW  
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